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August 20, 2008

The Honorable P. Kevin Castel
United States District Court
Southern District of New York
United States Courthouse
500 Pearl Street
New York, New York 10007

RE: Securities and Exchange Commission v. Smart Online, Inc., et. al., 07 Civ. 7960 (PKC)

Dear Judge Castel:

We represent Dennis Michael Nouri and Eric Nouri, defendants in the above-captioned action.

We write to provide an update to Your Honor with respect to the status of the parallel criminal proceeding in United States v. Dennis Michael Nouri, et. al., 07-CR-1029 (DC) (S.D.N.Y.) and to request an adjournment of the status conference currently scheduled before this Court on September 5, 2008.

In the criminal proceedings, a status conference was held on July 15, 2008 before the Hon. Denny Chin. Prior to that conference, the Government had produced significant and voluminous discovery materials, including both documents and recordings. In order to provide the defendants with ample time to review this discovery, Judge Chin scheduled the next status conference for October 3, 2008. In addition, subsequent to the July 15 status conference, the government produced further discovery in that case, including approximately 418 additional audio recordings and a video DVD. Judge Chin indicated that he will likely set a motion schedule at the October 3, 2008 status conference. No trial date has been set.

Your Honor previously scheduled a status conference in this matter to take place on September 5, 2008 at 9:30 a.m. We respectfully request that the Court adjourn this status conference to a date convenient to the Court in November 2008, when we will have a better understanding on the status and disposition of the criminal proceedings.

Conference adjourned from September 5 to November 21, 2008 at 11:15pm
Application Granted.

So Ordered:

[Signature]
Hon. P. Kevin Castel, U.S.D.J.

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Counsel for the SEC has indicated that he has no objection to the request for an adjournment.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard De Palma", is written over a large, horizontal, oval-shaped scribble or stamp.

Richard De Palma

cc: Scott L. Black (via regular mail)
Anthony Martin (via e-mail)
Alain Lustig (via e-mail)
Eric Berry (via e-mail)